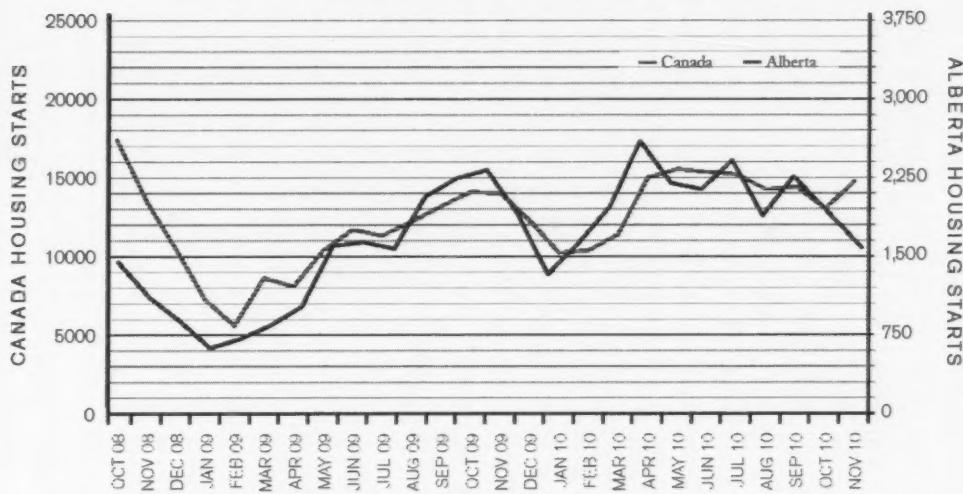


HOUSING BULLETIN MONTHLY REPORT

1

ALBERTA HOUSING STARTS FALL in NOVEMBER 2010

Preliminary Housing Starts in Alberta* and Canada*
November 2008 to November 2010



* Data reflects centres with a population of 10,000 and over.
Source: Canada Mortgage and Housing Corporation

- Canada's total preliminary housing starts for November 2010 were 13.6 per cent higher over October 2010 and 5.4 per cent higher compared to November 2009.
- According to ATB Financial economists, November's starts figure (1,572 units) is down quite substantially from October (1,903 units) and is, in fact, the slowest reading for Alberta housing starts since January 2010.
- Alberta's November 2010 total preliminary housing starts were 17.4 per cent lower compared to October 2010 and 32.1 per cent lower when compared to November 2009.

ISSUE HIGHLIGHTS

Housing Starts
Starts decline annually in single- and multi-family sectors.

Page 2

RBC Affordability Index Alberta remains most affordable for homeownership.

Page 5

Unemployment Alberta's unemployment level declines.

Page 6

Looking forward, we see steady improvement in provincial and local economies — which will bode well for housing markets across the board

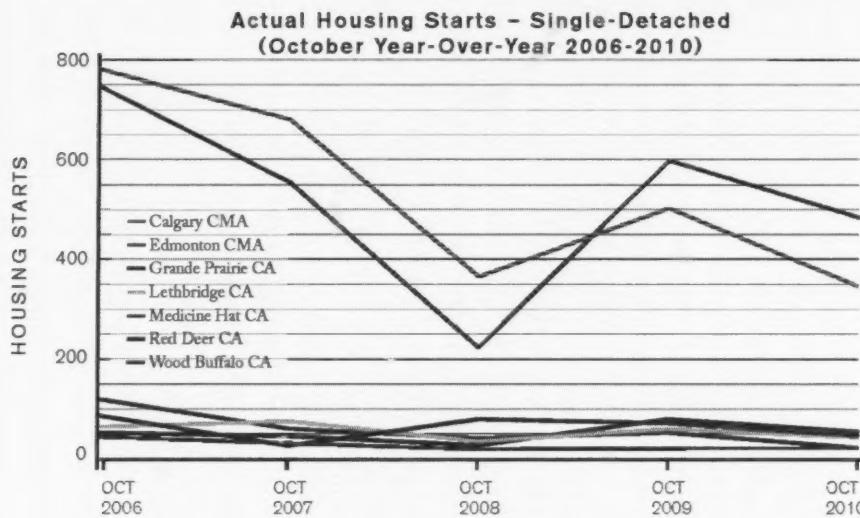
(RE/MAX).

Alberta's housing sector has been moving counter to activity in the rest of the economy — as spending, manufacturing and oil/gas activity started picking up late summer, starts and the resale markets started cooling down (ATB FINANCIAL).

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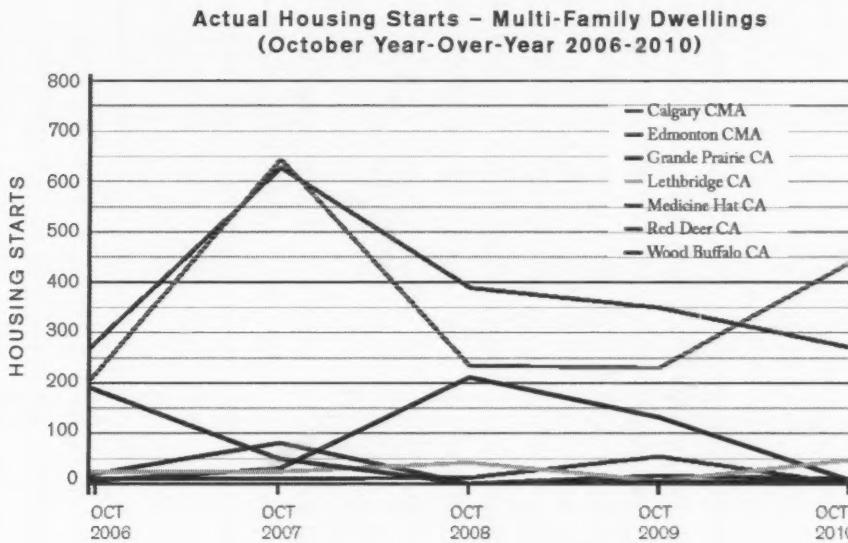
ACTUAL HOUSING STARTS DIP ACROSS ALL SEVEN MAJOR URBAN CENTRES



- Across Alberta, single-detached housing starts fell 26.3 per cent from October 2009 to October 2010.
- From October 2009 to October 2010 single-detached housing starts fell 19.1 per cent in Edmonton, and 31.1 per cent in Calgary.
- Red Deer recorded the largest drop in single-family housing starts, falling 56.6 per cent from 53 in October 2009 to 23 in October 2010.

Source: Canada Mortgage and Housing Corporation

MIXED PERFORMANCE in MULTI-FAMILY STARTS ACROSS ALBERTA



- Construction of multi-family dwellings in Alberta's seven major centres fell 1.6 per cent from October 2009 to October 2010.
- Multi-family starts increased 90.4 per cent in Calgary and saw no change in Grande Prairie. Lethbridge saw a jump in multi-family housing starts, rising from 6 in October 2009 to 47 in October 2010.
- Declines in multi-family housing construction were recorded in Edmonton (-22.3 per cent), Red Deer (-37.5 per cent), Medicine Hat (-100 per cent) and Wood Buffalo (-93.9 per cent).

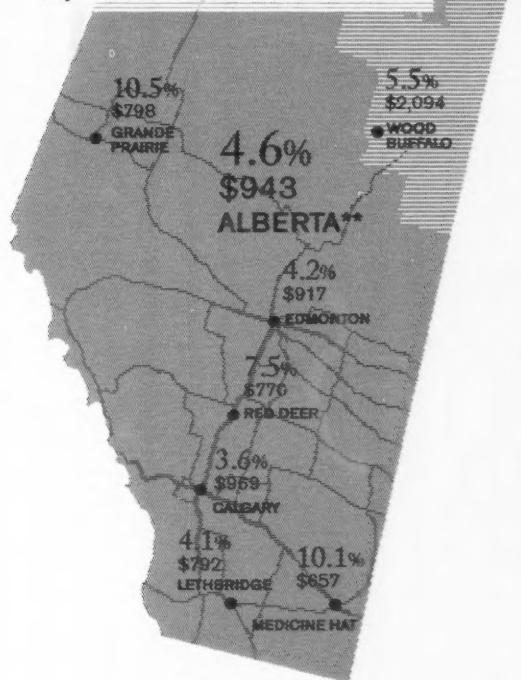
Source: Canada Mortgage and Housing Corporation

11 (CMHC) The management of inventory and continued low level of apartment starts will constrain multi-family activity, which is projected to decrease slightly in 2011 (CMHC). The management of inve

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Average Vacancy Rates* and Average Apartment Rental Rates in Alberta's Major Urban Centres** October 2010



APARTMENT VACANCY RATES DECLINE ACROSS the PROVINCE

- Most recent data shows average private apartment vacancy rates across Alberta's large urban centres decreased 16.9 per cent from October 2009 (5.5 per cent) to October 2010 (4.6 per cent). The largest drop occurred in the Wood Buffalo CA, where vacancy rates fell from 9.9 per cent in October 2009 to 5.5 per cent in October 2010.
- The most notable change in average rental rate* occurred in Grande Prairie, where rents dropped by 8.3 per cent. The Wood Buffalo CA countered this trend, with a 2.6 per cent increase in average rental rates from October 2009 to October 2010.
- A CBC news article notes that nationally, the highest vacancy rates are in Alberta, which was battered by the recession. However, high vacancy rates have not had a pronounced effect on rental costs. Calgary is the third most expensive city for renters and Edmonton is sixth most expensive (for a two-bedroom apartment).

AVERAGE APARTMENT VACANCY RATES*

AVERAGE MONTHLY APARTMENT RENTAL RATES*

	% Change from October 2009 to October 2010						% Change from October 2009 to October 2010					
	October 2006	October 2007	October 2008	October 2009	October 2010		October 2006	October 2007	October 2008	October 2009	October 2010	
Calgary CMA	0.5%	1.5%	2.1%	5.3%	3.6%	-32.1%	\$851	\$974	\$1,031	\$991	\$969	-2.2%
Edmonton CMA	1.2%	1.5%	2.4%	4.5%	4.2%	-6.7%	\$727	\$859	\$930	\$916	\$917	0.1%
Grande Prairie CA	0.1%	4.9%	8.5%	15.5%	10.5%	-32.3%	\$905	\$1,041	\$933	\$870	\$798	-8.3%
Lethbridge CA	0.6%	0.4%	1.8%	3.8%	4.1%	7.9%	\$631	\$706	\$775	\$801	\$792	-1.1%
Medicine Hat CA	1.0%	1.4%	4.5%	9.3%	10.1%	7.5%	\$574	\$625	\$644	\$655	\$657	0.3%
Red Deer CA	0.5%	2.7%	4.4%	9.2%	7.5%	-18.5%	\$682	\$786	\$818	\$793	\$770	-2.9%
Wood Buffalo CA	0.2%	0.3%	0.5%	9.9%	5.5%	-44.4%	\$1,605	\$1,968	\$2,190	\$2,040	\$2,094	2.6%
Alberta**	0.9%	1.6%	2.5%	5.5%	4.6%	-16.4%	\$781	\$913	\$975	\$949	\$943	-0.6%

* Average vacancy and rental rates includes all unit types (i.e., Bachelor, 1-Bedroom, 2-Bedroom and 3-Bedroom+).

** Data includes centres with a population of 10,000 and over.

Source: Canada Mortgage and Housing Corporation

ship housing (CMHC). The economic recovery that has taken place over the past year has boosted demand for both rental and ownership housing (CMHC). The economic recovery that

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SALES CONTINUED DOWNWARD TREND in NOVEMBER 2010

Year-to-Year Comparison of Housing Resale Activity in Edmonton in the Month of November

	AVERAGE PRICE			Days on the Market	Residential Listings	Residential Sales	Monthly Sales to Listings Ratio	Average Year to Date Sales to Listings Ratio
	Single- Family Dwelling	Condominium	Duplex / Rowhouse					
Nov 06	\$334,039	\$212,596	\$283,919	26	1,852	1,574	85	86
Nov 07	\$376,267	\$252,277	\$311,193	51	2,729	1,223	45	50
Nov 08	\$362,757	\$231,531	\$315,813	63	2,036	891	44	43
Nov 09	\$368,018	\$231,684	\$285,849	48	1,894	1,261	67	62
Nov 10	\$362,657	\$229,603	\$318,605	63	1,860	1,120	60	49

Source: Realtors' Association of Edmonton

- The average price of a single-family dwelling in Edmonton fell 1.5 per cent from November 2009 to November 2010. Over the same period, the average price of condominiums fell 0.9 per cent and increased 11.5 per cent for a duplex or rowhouse.
- An Edmonton home spent an average of 63 days on market in November 2010, 31.3 per cent longer than in November 2009.
- Listings in November 2010 were down 1.8 per cent over November 2009, and sales were down 11.2 per cent.

CALGARY'S HOUSING MARKET ACTIVITY REMAINS SUBDUE

Year-to-Year Comparison of Housing Resale Activity in Calgary in the Month of November

	SINGLE-FAMILY DWELLING					CONDOMINIUM				
	Average Price	Month End Inventory	New Listings Added	New Sales	Days on the Market	Average Price	Month End Inventory	New Listings Added	New Sales	Days on the Market
Nov 07	\$462,134	4,984	1,949	1,103	46	\$312,710	2,196	890	496	44
Nov 08	\$435,471	5,083	1,567	670	55	\$285,820	2,399	741	284	51
Nov 09	\$464,444	2,658	1,365	1,095	42	\$294,264	1,434	705	504	46
Nov 10	\$455,460	3,869	1,318	891	52	\$284,667	1,882	632	310	57

Source: Calgary Real Estate Board

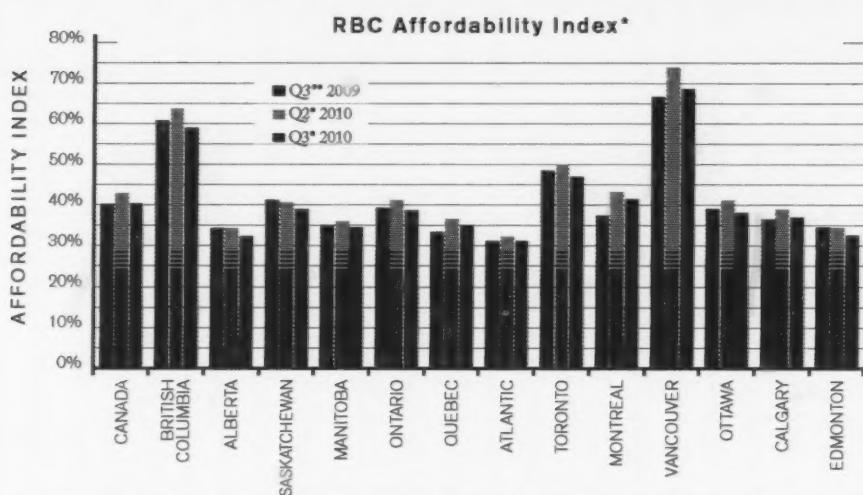
- The number of single-family homes sold in Calgary fell 18.6 per cent, and prices decreased 1.9 per cent year-over-year in November 2010.
- New listings fell 3.4 per cent for single-family homes, and 10.4 per cent for condominiums from November 2009 to November 2010.
- According to a December 1, 2010, news release by the Calgary Real Estate Board, the second half of 2010 has proven to be weaker than expected, and Calgary's housing market is taking some time to regain traction.

N) Edmonton is lagging slightly in comparison to other major markets, however all the indicators suggest that an increase in real estate sales is right around the corner (REALTORS ASSOCIATION OF EDMONTON). Edmonton

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AFFORDABILITY MEASURES SAW FURTHER EASING in NOVEMBER



* Proportion of regional pre-tax median household income required to service mortgage payments, property taxes and utilities for a single, detached bungalow.

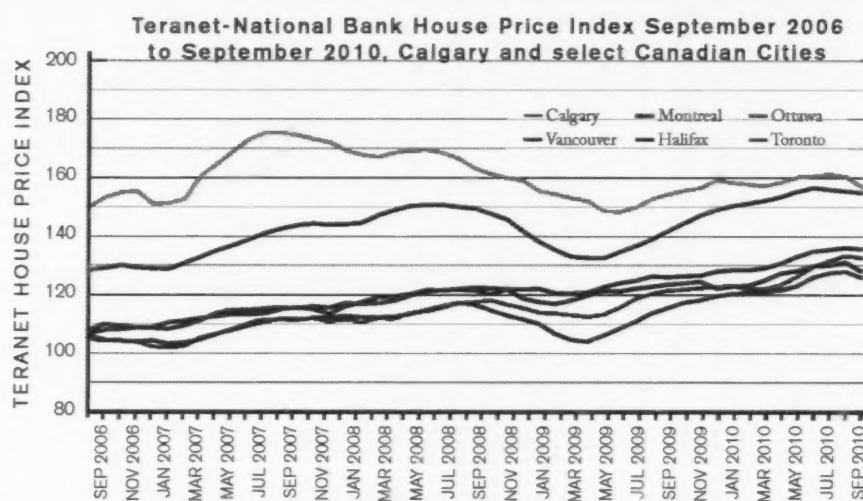
** Q1 = January to March; Q2 = April to June; Q3 = July to September; Q4 = October to December.

** Population weighted average.

Source: Royal Bank of Canada Economics Research

- In Q3 2010, owning a single-detached bungalow in Canada consumed approximately 40.4 per cent of net household income.
- The share of household income taken up by the costs associated with owning a single-detached bungalow in Alberta fell slightly year-over-year from Q3 2009 (34.4 per cent) to Q3 2010 (32.5 per cent).
- Compared to other select Canadian major centres, home ownership remains more affordable in Edmonton (32.7 per cent) and Calgary (37.1 per cent) than in Montréal (41.7 per cent), Ottawa (38.2 per cent), and Vancouver (68.8 per cent).
- The proportion of net household income required to maintain a single-detached bungalow in Calgary fell 1.5 per cent from Q3 2009 to Q3 2010. Year-over-year, the share of income needed in Edmonton fell 0.5 per cent.

CALGARY HOUSING PRICES DROP in SEPTEMBER TERANET INDEX



- According to the Teranet index, Calgary housing prices are consistently higher than the other metropolitan areas included in the index.

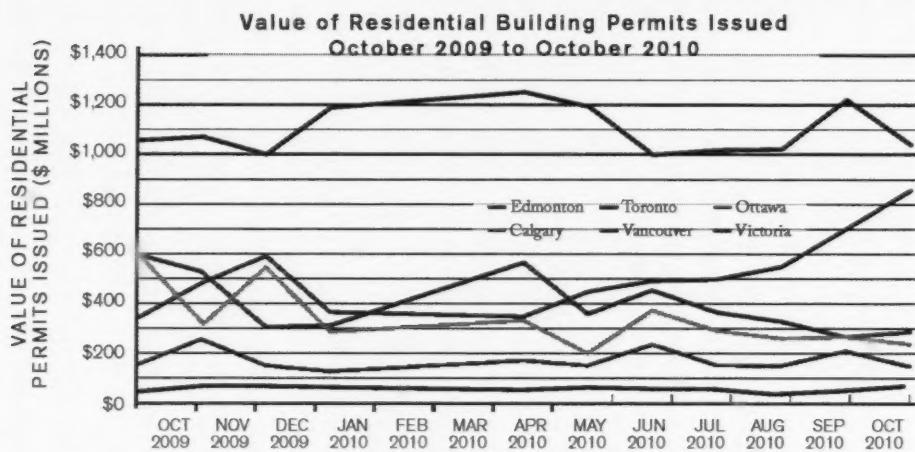
Source: Teranet and National Bank of Canada

HERALD, DECEMBER 11, 2010). Calgary is currently experiencing a buildup of pressure in prices (CALGARY HERALD, DECEMBER 11, 2010). Calgary is currently experiencing a buildup of pressure in prices (CAL

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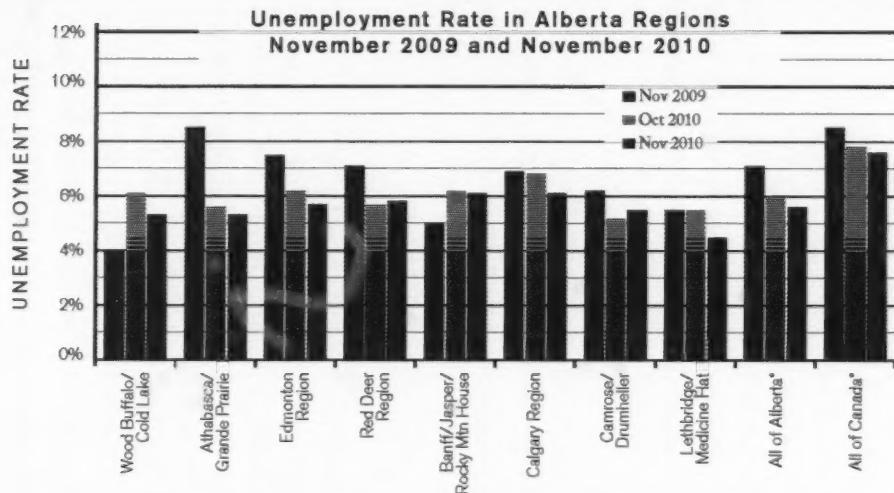
BUILDING PERMIT VALUE DECLINES in CALGARY but RISES in EDMONTON



- Vancouver experienced the largest jump in residential building permits, with a year-over-year increase of 148.0 per cent in the total value of permits issued, followed by Victoria (48.7 per cent).

Source: Statistics Canada

UNEMPLOYMENT RATE DECLINES DUE in PART TO DROP in WORKFORCE



- According to ATB Financial's Senior Analyst, the drop is disturbing because it may indicate that job seekers might be growing discouraged and throwing in the towel on looking for work.
- Seasonally adjusted.

Source: Alberta Employment and Immigration

- Residential permits issued in Alberta in October 2010 totalled \$480.7 million, a decrease of 25.2 per cent over October 2009. From September 2010 to October 2010, the value of residential permits issued in Alberta fell 1.9 per cent.
- The total value of Edmonton residential building permits fell 51.6 per cent from October 2009 to October 2010, but rose 7.7 per cent from September to October 2010.
- The Calgary Census Metropolitan Area issued residential building permits worth \$237.4 million in October 2010, a 60.1 per cent decrease from October 2009 and an 11.1 per cent decrease over September 2010.

ION) Government doesn't know for certain what happened to the workforce dropouts. Interprovincial statistics don't support a loss of migrants (ALBERTA EMPLOYMENT AND IMMIGRATION). Government doe

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